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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 INR-07 L-03 ACDA-07
NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00
SAJ-01 NSC-05 OMB-01 EB-07 COME-00 FRB-03 DODE-00
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R 170958Z DEC 76
FM USMISSION NATO
TO SECSTATE WASHDC 849
AMEMBASSY THE HAGUE

C O N F I D E N T I A L USNATO 6888

E.O. 11652: GDS
TAGS:
SUBJECT: ECONADS: SOVIET CONTROLLED FIRMS IN THE WEST

REF: (A) USNATO A-314 (NOTAL) (B) STATE 304385 (NOTAL)

1. DUTCH REP (GEVERS) REPORTED AT DEC. 16 ECONADS MEETING
THAT THERE WERE THREE "JOINT VENTURES" FIRMS IN NETHERLANDS
IN WHICH SOVIETS HELD EITHER 100 PERCENT OWNERSHIP OR SUBSTAN-
TIAL MAJORITY. HIS AUTHORITIES KNEW OF NONE IN WHICH
SOVIETS HELD MINORITY SHARES. THE FIRMS WERE ACTIVE IN
SALES OF SOVIET OPTICAL AND COMPUTER EQUIPMENT AND IN SHIPPING.
SOVIETS HAD BEEN PRESSING FOR OPENING OF A CONSULATE IN
ROTTERDAM AND FOR EXPANSION OF EXPATRIATE STAFFS OF THE JOINT
VENTRUE FIRMS. DUTCH HAD REFUSED SINCE THERE WAS INADEQUATE
GROWTH IN COMMERCIAL OR SHIPPING ACTIVITY TO JUSTIFY
THE ADDITIONAL STAFF. APPLICATIONS FOR VISAS AND RESIDENCE WORK
PERMITS FOR SOVIET PERSONNEL ARE JUDGED AGAINST TRIPLE
CRITERIA OF WHETHER (A) ACTIVITY FORESEEN
BY APPLICANT WOULD BE IN DUTCH ECONOMIC/COMMERCIAL
INTEREST, (B) A DUTCH NATIONAL COULD NOT REASONABLY
FILL THE POSITION, AND, (C) THERE IS RECIPROCITY FOR
DUTCH FIRMS IN USSR.
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2. US REP INFORMED ECONADS OF SITUATION IN US PER REF B AND PRO-
POSED DIRECTORATE COMPILATION OF NATIONAL INFORMATION INTO
REPORT FOR ALLIES. CONCRETE SUPPORT COME FROM NORWEGIAN
REP (BULL) - WHO URGED THAT AS A MINIMUM NATIONAL REPORTS
BE CIRCULATED IN WRITTEN FORM. FRENCH REP (TAXIL) SAID HE
HAD PASSED NORWEGIAN REQUEST TO PARIS AND EXPECTED A REACTION

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IN A FEW WEEKS. NEVERTHELESS, HE THOUGHT EXCHANGE SHOULD BE MORE INFORMAL. GERMAN REP (DAASE) FELT THAT ECONADS SHOULD MAKE A DISTINCTION BETWEEN THE BONA FIDE COMMERCIAL ASPECTS OF ACTIVITIES OF SOVIET/EE CONTROLLED FIRMS AND THE INTELLIGENCE AND SECURITY ASPECTS. THE LATTER HAD JUST BEEN DEALT WITH IN THE NATO SPECIAL COMMITTEE REPORT CONSIDERED BY THE PERMREPS THE DAY BEFORE (C-M(76)72). HE THOUGHT IT WOULD BE USEFUL FOR ALL TO FOLLOW THE NORWEGIAN (REF A), UK (USNATO A-368) AND US EXAMPLE IN PROVIDING THE DETAILS (NAME, AREA OF ACTIVITY, PERCENT OF OWNERSHIP, ETC) ON SOVIET/EE CONTROLLED FIRMS ESTABLISHED IN THEIR COUNTRIES, BUT FELT IT WOULD BE DESIRABLE TO REFER THE US SUGGESTION FOR DISCUSSION AT THE HEADS OF ECONOMIC INTELLIGENCE MEETING NEXT FEBRUARY.

3. NO OTHER REP ADDRESSED THE US PROPOSAL.

4. WHILE WE COULD ATTEMPT TO ELICIT MORE POSITIVE REACTIONS AT FUTURE MEETINGS WHEN OTHERS RESPOND TO THE NORWEGIAN REQUEST, THE GERMAN SUGGESTION STRIKES US AS QUITE HELPFUL SINCE IT WILL PLACE THE ISSUE BEFORE A GROUP LIKELY TO BE MORE SYMPATHETIC TO OUR INTERESTS AND MORE KNOWLEDGEABLE ABOUT NATIONAL RESOURCES TO COLLECT THE NECESSARY DATA AND KEEP IT CURRENT. UNLESS WASHINGTON PREFER OTHERWISE, WE WOULD THEREFORE AVOID PRESSING THE POINT BEFORE THEN.

5. IF WASHINGTON DESIRES US TO PURSUE OUR PROPOSAL, HOWEVER, WE WOULD WISH TO KNOW HOW INCLUSIVE IS THE LIST IN PARA 2, REF B. AND (IF NOT SUBSTANTIALLY COMPLETE) WHETHER IT CAN

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BE AMPLIFIED.STRAUSZ-HUPE

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